

Chairman Michael G. Oxley
Opening Statement
Capital Markets Subcommittee Markup
H.R. 1088, Investor and Capital Markets Fee Relief Act
March 21, 2001

I thank the Chair and commend him for moving this pro-investor legislation. H.R. 1088, the Investor and Capital Markets Fee Relief Act, will save investors and market participants approximately \$14 billion dollars over the next ten years.

The current funding structure of the Securities and Exchange Commission is indefensible. Fees intended to function as a cost-recovery mechanism now effectively serve as a cash cow for the U.S. Treasury, with the proceeds used for purposes unrelated to regulation of our capital markets.

If we don't act now, these fees will bring in more than \$24 billion excess dollars over the next ten years. That is money out of the pockets of American investors and American enterprises seeking to raise capital. And that is simply unfair.

Just as an example, I looked at the two largest public retirement systems in Ohio, the State Teachers Retirement System and the Public Employees Retirement System.

In the year 2000, the members of these systems **were overcharged to fund the SEC by \$371,000.**

If you assume that 2000 was a typical year, accumulate those overcharges over 10 years, and assume that those funds would be invested in treasury bonds for a modest 5 percent return, **the members and retirees of those systems will lose \$4.5 million if we do nothing.**

H.R. 1088 reduces all excess SEC fees: transaction, registration, merger/tender, single stock futures, and the trust indenture fee, which is a nuisance fee.

This carefully drafted legislation returns money to investors yet also provides a stable funding source for the SEC by ensuring that appropriators have sufficient monies to meet the agency's funding needs.

The bill includes a pay parity provision to help the Commission attract and retain a first-rate staff of lawyers and accountants. The Commission's staff helps make our markets the envy of the world and deserves to be compensated on par with their banking counterparts for doing the same work.

In closing, let me commend Members from both sides of the aisle who have joined Mr. Fossella as original co-sponsors of this legislation, in particular, Chairman Baker, Mrs. Kelly, and Mrs. Maloney. I look forward to moving this bipartisan legislation through the full Committee in short order.